FINANCIAL REVIEW OF THE PAST WEEK

Forecast Made Abroad and How It Compares With Events and Prospects.

EUROPE'S HARD PROBLEM

World Conditions and Complications Threatened by Policies.

Speaking last July at the half yearly general meeting of the great Union of London and Smith's Bank, Limited, Sir Felix Schuster, the governor of the bank, made something of a forecast of probable developments in the balance of the year which it is particularly interesting to recall at this time. Sir Felix is one of the most eminent of British bankers and authority usually attaches to his utterances on financial conditions. His remarks which are about to be quoted here attracted wide attention at the time because of their moderate optimism, but have probably been forgotten by now. He said:

"The late Lord Avebury used to say that, given a 5 per cent. bank rate for a fairly prolonged period, gold would be sure to flow into London, and although the demand from many quarters has grown of late years I think the saying remains true even though a little more time than formerly may be required to bring about the result. Thus there seems to be no reason whatever for taking an alarmist view of the monetary situation if only we hold our hand for a little while and do not lend too freely to foreign nations the economic position of the country is so strong that gold will flow in naturally and we shall well be able to deal with the usual autumnal demands as they arise. A certain amount of self-restraint, however, is necessary in the matter of new issues of capital, and the general development of the past few years may possibly be somewhat retarded; but with the exercise of a fair amount of caution it is probable that we need not apprehend any excessively high rates for money during the autumn, so that the large and prosperous trade of the country may progress without disturbance or hindrance. That there will be a considerable employment for money is beyond doubt; it is needed for the development of the newer countries which in recent years have added so greatly to the volume of our exports and it is desirable that such development should not be suddenly restricted, but peace must be restored, and a reduction should take place in the vast scale of unproductive expenditure among all European nations, an expenditure which must have the most serious consequences on the economic developments of the world at large."

Comparing this survey with the happenings of the last three months and with the impending prospect what do we find? Among other things we find that gold has not flowed into London but out of it. To be sure, the Bank of England's discount rate from April 17 last to October 2 was 4½ per cent. and not 5, but the first week of return to 5 per cent. did not check the outward flow of gold, especially from the bank itself. Efforts were made during the summer to spare the lending hand in London, but neither this nor the economic position of the country sufficed to bring in much gold while exports of gold continued. The ability of financial London to deal with autumnal demands has become debatable, and ever since the advent of autumn there has been no practice of self-restraint in the new issues of capital, despite the increasing congestion of the investment market. British trade, according to the August and September statements, has not progressed without hindrance or disturbance, but the reports show reactionary tendencies. Furthermore, the exploitation of wealth creating resources in new countries has been suddenly restricted by the curtailment of capital and credit supplies with which Great Britain and the rest of Europe have for years past been satisfying voracious appetites. Nor has there been a restoration of peace in the Balkans nor reduction in the scale of unproductive expenditure by the nations of Europe so far as concerns the toll taken of wealth to support huge military armaments.

These are reasons why there has been fresh financial unsettlement abroad in the last few days, and they partly explain why whatever trend there may be in our own country toward contraction of volumes and values has received some acceleration. What was said in these columns a week ago about the momentous significance of the restoration of the Bank of England's discount rate to 5 per cent. has been emphasized by the occurrences and indications since. It was pointed out here that the elevation of the bank rate was a warning sign, although it was admitted that immediate inferences of a definite character as to the causes of the warning might not be so readily drawn than is usually the case when the most significant of all financial percentages changes in the direction of money market stringency. Events seem, however, to make the meaning of the 5 per cent. bank rate a little clearer.

The weekly statement of the Bank of England published last Thursday showed that it has lost almost $10,000,000 gold after raising the rate. Its present gold holdings are almost $20,000,000 below those of a year ago, which were in turn decidedly below an amount that would be considered normal or satisfactory even in relatively undisturbed times. Meanwhile the Bank of France, the Bank of Germany and most of the other central banks abroad have been able, even though at much at the expense of domestic conditions, to recruit gold supplies above normal proportions in several cases, notably at Berlin, to establish a record maximum. Circumstances would therefore suggest that the world's central institution at London is the central institution that is at a disadvantage which cannot be permitted long to continue and that there is the imminent likelihood of a further rise in the London bank rate if there are special causes for uneasiness regarding the British financial position. Are there not?

Is not something of the sort signified by the relapse of consols to about the low record price? How about the choked and exhausted status of the British investment market, on which new capital promotions have been pouring in a flood, the offerings coming from everywhere, $10,000,000 of St. Petersburg 4½s at 92½, $17,500,000 of New Zealand 4s at 98½, and so on, although underwriters have had to take 80 per cent. and more in the most of them; one of the worst failures of flotations being the $2,350,000 of city of Vancouver 4½s at 95, for which 8 per cent. were received. Again, what is to be thought of the symptoms of distress noticed in the continuous fall of outstanding security issues of the new countries to which Sir Felix Schuster referred, in Brazilians, Canadians and the like?

We must recognize that foreign finance has a critical problem on its hands, for the solution of our own economic problems will be hampered or facilitated by the outcomes of foreign conditions. Europe is carrying over all the strain of the huge waste of its wealth in the warfare in the Balkans, in which as yet no effective peace has been made. Even the political or financial settlement of the issues involved in the reopening of the Near Eastern question or growing out of the conflict, which originally started as a crusade of the Balkan allies against Turkey. Delay has constituted a protraction of monetary strain, and protraction alone, without any aggravation of strain, is debilitating. But there has been aggravation of strain, the unwelcome increase coming from the extra-European countries, which have been accustomed to rely on Europe for capital and credit. During the last year Europe has had to cut down and finally almost to shut off supplies of money to such countries and to withdraw funds to some extent from debtor lands. The result has been that there is to-day trouble so acute in South America that it is described as a financial crisis, while almost everywhere else debtor nations are in difficulties. As long as public and private borrowers could obtain money on their notes and mortgages they could maintain the pace of even extravagant progress, but now the question is what shape they are in to meet their obligations if pressure has to be endured, and what effect of strain in the newer countries will be reflected in strained Europe.

Economic cause and consequence are here moving in a vicious circle and something may occur to break the connection happily, but this is no time for overweening optimism or customary assumption that "everything will work out all right." This is a time when things have got to be worked out with all the skilful diligence and carefulness that can be brought to bear by the managers of economic enterprise and the leaders of finance, with all the help that can be lent by the heads and directors of government. It is not going too far to say the world crisis in connection with the whole foreign situation. At such a juncture the aid of government can rarely consist of anything more than acts of political self-denial and abstinence from interference, but this much service government can always perform.

It is no time for stale repetitions of the soothing sayings with which confidence was reassured during the last year, such as that there was no trouble except the trouble caused by a foolish popular hoarding of cash in continental Europe. Can any competent person fail to see that the world's finances are in a state of grave disorder, that the brunt of the task of trying to set them right has fallen on Europe, and that the weight naturally falls most heavily on the world's capital of finance, London? Less than a quarter of a century ago very much the same kind of conditions subjected the Old World to the wrench of a most violent distortion of business and banking positions, as well as of speculative and investment commitments. The same set of factors is never repeated at two similar periods in the sequence of economic events, and in all the resemblances there are differences between the conditions noted to-day and those offering in the late '80s and early '90s. There is probably a far greater total of resources now better concentrated to cope with emergencies than there was then, but now, as then, trouble has been bred of a most inordinate consumption of European capital and credit both for the legitimate and for the overspeculative exploitation of the wealth producing possibilities of new countries. There must be a tendency toward similar if not identical consequences from similar if not identical causes, and European financial energies are plainly being exerted to avert or minimize the results of an era of excessive economic stimulation facilitated by the perfection of capitalizing processes and of the machinery for expanding credits.

We have much at stake in the outcomes of the embarrassments with which Europe is struggling. Ourselves a borrowing nation, we cannot fail to be affected by the necessities which may arise in Europe, our creditor on permanent capital account to the extent of billions of dollars. Apart from that the perpetuation of our foreign markets depends on the persistence of foreign buying power, while the freedom of our home market from oppressive foreign competition is involved in the preservation of the markets already established for the absorption of the productive capacity of other lands. To what extent the state of the world's trade, and especially the state of European finance, has already affected us or is going to affect us further cannot now be ascertained or demonstrated; but it is idle to suppose that we have not begun to make response to such conditions as have been indicated. How much comprehension of this is there at Washington, where elaborate programmes are being executed or framed for the purpose of setting up new ideas of government in the field of trade, industrial and financial endeavor? Very little, it is to be feared.

There is absolutely no evidence that the Administration and its supporters in Congress have begun to recognize the realities of the world to-day. There is every evidence that Washington wits are wandering in a world of unrealities populated by an exploited mass of struggling souls thwarted in every way and bound to servitude by a class of more or less wicked spirits who have seized power through perverting privileged opportunity to selfish advantage. There is every evidence that Washington regards the country's ablest citizens, whether in lines of corporate industry or banking activity, as enemies to the public welfare. The Washington atmosphere seems inflamed with heated manias that provoke suspicions of traitorous conspiracy in every protest which is voiced against the economic unwisdom of tearing the fabric of the industrial organization to pieces in a vain attempt to restore the social order as it existed fifty years or more ago.

If there ever was a time calling for sanity and deliberate procedure in our high political places it is now, when there is spread before anxious eyes the unmistakable symptoms of a worldwide economic derangement of a deep seated nature. Civilization may not be able to recover its equilibrium or restore stability to values without painful and arduous readjustments from which we ourselves cannot escape. Nevertheless, assuming that a period of depressed volumes and values may have to intervene before another era of expansion, the transition can be accomplished in one of two ways. It can be orderly enough and slow enough to mitigate its hardships or it can be so accelerated as to communicate a shock to every interest in the land, and recovery from shock may delay disastrously the normal recovery from depression.

Whatever happens abroad we doubtless cannot help. For what happens here we will be ourselves responsible. When conditions already contribute toward a lessening or loss of that force which business and finance know as confidence what wiser course could politics pursue than prosecute with utmost slowness policies of progress so called which deal directly with the terms and basis of economic enterprise? What unwisdom could be greater than to manifest ruthless purposes to carry out programmes of social change conceived in seasons of full blown prosperity when it seemed as though nothing could be proposed which could paralyze enterprising ambition, curtail incentives to wealth creating endeavor or contract by as much as one day's job or one dollar of wage the quantity of work and profitable reward for every labor willing individual? With what satisfaction will Washington be able to contemplate any wreckage of prosperity which it has helped to scatter through a land where work has to be found by the men of ability who can find it in order to keep a hundred million people happy through sustained employment?

RAILROAD AND OTHER BONDS.

Sales		High-est.	Low-est.	Clos-ing.	Net Ch'ge.	1913 High.	1913 Low.
4	Adams Ex 4s	77	75	76		82⅞	74
1	Alb&Sus 3½s	86⅞	86⅞	86⅞		88¾	83
5	Allis Ch 5s ctf	49	49	49	−4¼	63	46½
10	Am Agric Ch cv 5s	100	99¼	99¼	−½	101⅞	94
3	Am H & L 6s	100½	100½	100½	−½	102½	98¾
10	Am Ice deb 6s	79	79	79		80	70
14	AmSmltSec 6s	105	104	104	−1	105	101
694	AmT&T cv 4½s	102	96⅝	96¾	−5⅜	101⅛	96⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	West Un 5s	99	99	99		102½	98
5	West Un 4½s	92¼	92	92	−⅛	93½	88⅞
21	Westinghouse Elec cv 5s	92½	91½	91¾	+⅛	94	87¾
8	Wh&LE cn 4s	75	74	74	+½	80⅜	70
1	Wis Cent 4s	87	87	87		94⅝	84

Bond Sales.

Last week, $8,198,000.
Previous week, $7,436,000.
Jan. 1 to date, $391,922,000.

§Seller 6 days flat. *Seller 5 days flat.
†Seller 10 days flat.

CARLISLE ISSUES ROAD RULES.

They Prescribe Weights and Speeds of Motor Vehicles.

ALBANY, Oct. 12.—John N. Carlisle, Commissioner of Highways, has issued rules and regulations for the protection of the State and county roads, particularly as to the use of traction engines, road engines, automobile trucks and automobile buses. They will take effect October 20. Copies have been sent to every county and town superintendent of highways, who in case of violations may recover in action of tort the penalty prescribed by the highway law, which is a fine of not less than $10 and not more than $100 for each offence.

The regulations limit the weight of all traction engines, steam rollers, automobile trucks and other power vehicles to fourteen tons, which includes the vehicle and load, except by special permission of the State Commissioner. Such vehicles carrying a weight in excess of four tons shall not be operated upon any State or county highway at a speed greater than fifteen miles an hour. For six tons weight, including vehicle, the maximum speed is six miles an hour when such vehicle is equipped with iron or steel tires, and twelve miles an hour when the tires are of hard rubber or other similar substance.

Merchants Begin Campaign.

The winter campaign of the Merchants Association will be begun at a dinner at the Waldorf on November 8 at which discussion will centre about how to promote the commercial supremacy of the city.

The Mayor-elect will be the principal speaker, both Edward E. McCall and John Purroy Mitchel having promised to be present.

Mayor Kline has also been invited.

TRANSACTIONS FOR THE WEEK.

Railroad and Other Shares.

Div. yield.	Stocks.	Sales.	High.	Low.	Closing.	Change.	1913 Highest.			1913 Lowest.		
9.60	Adams Express	....	....	....	....	....	150	Jan.	22	130⅞	Mar.	18
—	Alaska Gold	22000	23⅝	22	22	−⅞	24⅜	Oct.	7	19⅝	Sept.	11
—	AllisChms 5th pd	....	....	....	....	....	8	Oct.	1	1	Jan.	30
—	AllisChm p 5th pd	400	17	17	17		19½	Sept.	23	4½	Jan.	16
8.32	Amalgamtd Cop	180490	75¾	70½	70⅞	−4⅝	80½	Sept.	16	61⅝	June	10
—	Am Beet Sugar	1280	24½	23½	23½	−1½	50½	Jan.	2	19¾	June	10
8.96	Am Beet Sug pf	....	....	....	....	....	86	Mar.	6	70	Aug.	15
9.25	Am Ag Chem	300	44⅛	44	44⅛	−1	57	Jan.	3	41¼	Sept.	5
6.59	Am Ag Ch pf	225	92	92	92	−½	99	Jan.	2	92	Sept.	30
7.91	Am Brake Shoe	....	....	....	....	....	96¼	Jan.	4	90	June	7
5.38	Am Br Shoe pf	....	....	....	....	....	136⅝	Jan.	6	128	June	10
—	Am Can	81760	35½	33	33⅝	+⅜	46⅞	Jan.	31	21	June	10
7.40	Am Can pf	5220	95¼	93½	94	−1⅞	129½	Jan.	30	80½	June	11
4.65	Am Car & F	1900	43⅜	42¼	42¼	−2¼	56⅜	Jan.	2	36½	June	10
6.09	Am Car & F pf	400	116	115	115	−1⅜	117	Mar.	5	108	June	10
—	Am Cities	400	36½	36	36	−⅜	48¾	Jan.	6	33¼	July	1
10.9	Amer Cities pf	300	65	64½	64¾	+¼	78½	Jan.	2	60¼	June	12
8.00	Am Coal	....	....	....	....	....	75	June	11	75	June	11
8.47	Am Coal Prod	....	....	....	....	....	87	Mar.	4	80	June	2
7.00	Am Coal Prod pf	....	....	....	....	....	109¼	Jan.	15	105	June	25
—	Am Cotton Oil	3300	41	37⅞	39	−2¼	57⅜	Jan.	2	33½	June	11
6.31	Am Cot Oil pf	200	95	95	95		98	May	6	92½	Sept.	2
10.3	Am Express	170	120	120	120	+1	166	Feb.	6	115	Aug.	[illegible]
—	Am Hide & L	....	....	....	....	....	5⅛	Jan.	8	3½	July	[illegible]
—	Am H & L pf	300	20⅞	20	20	−⅞	28¼	Feb.	10	15⅛	June	10
—	Am Ice Secur	3560	23	21¾	21¾	−1¼	27¾	April	4	17	June	10
—	Am Linseed	....	....	....	....	....	11½	Jan.	31	6⅞	June	12
—	Am Linseed pf	600	24½	22⅛	22⅛	−4⅜	31½	Jan.	31	20½	June	10
—	Am Locomotive	1500	30½	29½	30⅛	+¼	44½	Jan.	6	27	June	10
7.53	Am Loco pf	800	98¼	94	94½	−4	106¾	Jan.	2	94	Oct.	10
—	Am Malt Corp	300	6⅛	5¾	5¾	−¾	13	Jan.	3	5¾	Oct.	6
9.09	Am Malt Cor pf	....	....	....	....	....	61½	Jan.	3	45	Oct.	3
6.25	Am Smelting	15150	65¾	63	63⅛	−2⅞	74¾	Jan.	30	58½	June	10
7.01	Am Smelting pf	700	100⅜	99¾	99¾	−⅞	107	Feb.	7	97	June	[illegible]
6.17	Am Smelt Sec	....	....	....	....	....	86	Jan.	9	79½	June	[illegible]
7.74	Am Snuff	....	....	....	....	....	183	Jan.	22	150	July	[illegible]
6.06	Am Snuff pf	300	100	100	100	−¼	105	Jan.	21	100	June	[illegible]
—	Am Steel Fdy	400	27¼	27	27		40½	Feb.	3	25	June	[illegible]
6.45	Am Sugar	1300	110	109	109⅛	−⅞	118	Jan.	31	104¾	June	12
6.14	Am Sugar pf	100	115⅜	115⅜	115⅜	+⅜	116⅝	Jan.	28	110⅛	June	26
8.91	Am Tel & Cable	....	....	....	....	....	66⅛	Jan.	30	59	Sept.	11
6.55	Am Tel & T	18599	126¼	120¾	120¾	−5⅝	140	Jan.	3	120¾	Oct.	[illegible]
8.88	Am Tobacco	2110	236½	224¾	230	−9½	294¾	Jan.	10	200	June	[illegible]
6.00	Am Tob pf new	800	101	100	100	−1	106⅛	Jan.	27	96	June	[illegible]
23.7	Am WaterWks pf	....	....	....	....	....	99	Jan.	4	95	May	[illegible]
—	Am Woolen	400	22	21	21	−2½	23½	Sept.	27	16⅛	June	10
8.80	Am Woolen pf	600	81½	80⅛	80⅛	−1⅜	82	Sept.	19	73	[illegible]	[illegible]
—	Am Writ Pap pf	100	16½	16½	16½	−¼	32¼	Jan.	2	16	[illegible]	[illegible]
8.66	Anaconda	2450	36⅛	34⅜	34½	−2	41½	Jan.	2	30⅛	June	10
9.46	Assets Realiztn	300	75	75	75	−6	120	Jan.	7	75	Sept.	23